JORDAN TOURISM PROJECT GRANTS PROGRAM REVIEW TRIP REPORT

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CONTENTS

SCOPE OF WORK

The overall objective of the assignment was to conduct an overall assessment of the grants program and advise project management staff on prioritization of outstanding grant implementation for the duration of the project life.’ The scope of work is attached as Annex A.

BACKGROUND: THE JORDAN TOURISM DEVELOPMENT PROGRAM GRANTS PROGRAM

The USAID-funded Jordan Tourism Development Program (JTD) is a three-year project aimed at promoting Jordan’s competitiveness as an international tourism destination by establishing the proper institutional and regulatory framework that enables a private sector-driven approach that spurs tourism growth while at the same time preserving the nation’s historic and natural resources. Through these efforts, JTD will ensure institutions and policies are in place that will facilitate the implementation of the National Tourism Strategy and will promote sustainable tourism projects, which involve private-sector resources and participation by local communities, local and international NGOs, and associations, among others, that serve as replicable models of sustainability and best practice.

Tourism is a key driver of Jordan’s economy – currently it is the single largest employer and the highest producer of foreign exchange. Jordan is one of the few countries in the Middle East to have annual growth in the tourism industry. Despite this, tourism is still a high-risk venture in Jordan as it lags in comparison to other countries. The potential for economic and social development stemming from tourism is high, particularly because Jordan has such stunning natural landscape, world-class historic and religious sites, and its fascinating cultural heritage. In order to grow and reap benefits from tourism, investments of the government and private sector must be made in a carefully planned way and Jordan must ensure that tourism development includes quality products, is sustainable, and is developed in a responsible manner.

To manage this process the National Tourism Strategy was created in 2004. This strategy focused on four pillars and aimed to lead significant growth in tourism by 2010. JTD is implementing the strategy in four primary areas:

- **Institutional and legal reform** to build capacity of the Ministry of Tourism and Antiquities and strengthen the public policy framework to manage and regulate the tourism industry according to international best practice;
- **Product and site development** in developing competitive tourism destinations with more attractive tourism products and sites, and strengthened tourism marketing;
- **Human resources and sector support** to expand qualified human resources pool in tourism, improve service quality, expand public interest in and support for the sector, and improve data gathering and analysis; and
- **Industry competitiveness** to strengthen private-sector competitiveness and growth to capture a larger share of the global tourism market.

The Jordan JTD Grants Program has awarded approximately 65 grants to date, and grantees have expended around $1,000,000 in grants funds. Grant awards range in size from around $4,000 to $200,000; 4 large standard grants range in size from $160,000 to $200,000, while all other grants are valued at $100,000 or less. The grant types utilized include standard grants (referred to as Program Development Grants), and simplified grants (classified as Small, and Mini per the grants manual). Fixed Obligation Grants are authorized, but have not been utilized. The table below summarizes the requirements and thresholds under the various grant types:

Type	USAID Approvals	Max Dur.	Max Amount	Doc Required	Payment Type
Mini	CTO Approval	90 Days	Up to $25,000	Final Report	Expense Report/ Reimb.
Small	CTO (& RCO if equip. or Int. Travel)	Up to 1 Yr	up to $100,000	Final Report	Expense Report/ Reimb.
FOG	CTO Approval	Up to 1 Yr	up to $200,000	Deliverables	Fixed Payments for Deliverables
Program Dev.	CTO and RCO Approval	Up to 2 Yrs	up to $200,000	Quarterly & Final Report	Advance/ Liquidation

Grant applications were solicited annually using an Annual Program Statement (APS) that was published in local newspapers and posted on the JTD website. Potential grantees first submitted concept papers, and then based on established criteria to measure the concept papers against, those deemed acceptable for grant funding were asked to submit full grant applications. Applicants were invited to a getting to grants training, where grantees were instructed on how to compile a full grant application and the various reporting requirements. Applications were reviewed by the grant evaluation committee, and grants were awarded if applicants fulfilled the evaluation criteria, as defined in the APS per the grant evaluation templates found in the grants manual. The technical staff members are the primary liaisons, providing the link between the grants management team and the applicants in drafting the grant agreement, and during implementation, including collecting financial reports and technical deliverables, conducting site visits, and providing any necessary follow-up work.

JTD utilizes the Federal Letter of Credit (LOC) to reimburse or advance money to grantees. Evon Warwar, Grants Coordinator, is responsible for requesting draw-downs from and reporting to the HHS through the federal SF 272 and SF 269 forms. The project’s policy is to not advance more than $30,000 at any one time to a single grantee, and that each advance must be liquidated within 90 days. Financial reports are submitted first to the project’s technical counterpart, for review and approval, and next to the component leader for approval. Once approved by the technical team, they are sent to Mustafa Shaaban, Chief Accountant, who checks them for accuracy, raises questions to the technical leader and/or grantee, and approves once all documentation is present. The grants coordinator, Evon Warwar, or grants manager, Randa Qunsol, then approves, and Mustafa processes the payment. The technical team ensures that milestones and grant technical objectives are being met, while Mustafa checks for accuracy of financial reporting, complete documentation, and that the grantee is fulfilling the cost share requirement.

The electronic and hard copy grant files are maintained by Evon. The files are meticulously and logically organized. Evon keeps a detailed checklist in the front of each grant folder that contains a list of all of the necessary documents that should be maintained in the files. Once a grant is closed out, a CD is burned of all of the electronic files and included with the hard copy file.

SCHEDULE

Sunday, January 28, 2008

- Met with Ibrahim Osta, COP, and Katie Queen, Field Accounting, to discuss week's assignment
- Attended meeting on start-up of the Petra Project
- Reviewed LOC reporting to date vs. actual figures to address un-reconciled balance
- Worked with Evon to review the Petra Grants Manual

Monday, January 29, 2008

- Continued to review Petra Grants Manual
- Began to review grantee files. Selected files included:
  - HR2-PDG3-JHT1-06
  - PD4-PDG4-NCJ1-07
  - PD5-SMA2-MTA1-08
  - PD7-SMA3-BRD1-11
  - PD16-SMA18-TTI1-20
  - PD22-SMA14-MCH1-26
  - PD23-SMA15-MAM1-27

Tuesday, January

- Continued review of grantee files
- Worked with translator to review files of a Wadi Rum grantee (all in Arabic)

Wednesday, January 30, 2008

- Blizzard in Amman caused JTD office closure. Worked out of hotel, reviewing electronic grant files

Thursday, January 31, 2008

- JTD office closed again due to snow (Mustafa opened office so that Katie and I could continue our review of files)
- Reviewed grantee files, focusing on financial and procurement documentation

GENERAL FINDINGS

REVIEW OF GRANTEE FILE

Overall, the grant files are very well organized and complete. The grants management team has done an excellent job organizing and keeping the files, and they are easy to navigate and find information. In my review, the following areas contained weaknesses that should be addressed:

- Past Performance References
- Evaluation Criteria and Scoring
- Procurement and source/origin requirements
- Cost share documentation
- Budget negotiation and negotiation memos

PAST PERFORMANCE REFERENCES

To date the project has not been conducting reference checks of grantees. Per ADS 303.3.6.3 past performance of the applicant is a required evaluation criteria. From ADS 303.3.6.3 (a), "An applicant must provide a list of all contracts, grants, or cooperative agreements involving similar or related programs during the three years before the application. Reference information must include the location, award numbers if available; a brief description of the work performed; and points of contact with current telephone numbers." The grants manager or technical specialist must make 'a reasonable, good faith effort to contact all references to obtain verification or corroboration on the following evaluation criteria:

- How well an applicant performed
- The relevancy of the program work
- Instances of good performance
- Instances of poor performance
- Significant achievements
- Significant problems, and
- Any indicators of excellent or exceptional performance in the most critical areas.

At this stage it would be difficult to obtain past performance records for all grantees, and as mentioned by the FO, many of the small/mini grants are new organizations that have not received grants in the past. However, many of the organizations that received program development grants worked under AMIR and received prior USAID grant funding. For each of these organizations a memo should be included in the grantee file verifying that the grantee worked previously under USAID grants, and how the organization performed under these grants. Members of the technical team involved with prior work of these organizations should be consulted for this information.

At this stage, the most important element is to make sure the grantees have sufficient technical and administrative capacity to effectively carry out the scope of work contained in the grant. Attempting to conduct reference checks for all of the small and mini grants is not necessary as long as the grantee is/has performing well and would not be the best use of time during close out, when there are other more pressing issues, such as working with grantees to fully spend under the grant awards and to submit all documentation in a timely manner prior to close-out. However, going forward, and under the Petra Project, reference checks need to be performed on all potential grantees prior to award in order to comply with ADS 303.3.6.3. The grantee application form should be modified to include a section to include a place where applicants can include reference information. In addition, a simple template that includes the reference questions bulleted above should be developed and distributed to the technical team for their use in checking references and reference checks need to be thoughtfully integrated into the grant work flow process including checklists prior to grant award.

The field office has commented that in order to open a business in Jordan, the business must undergo a rigorous approval process by the Intelligence Department, and that requesting references is not necessary for this reason. However, I disagree. The point of the reference check is to determine how the grantee has performed under past grants and in their work with other organizations. This has nothing to do with the registration process, and does not waive the regulation that is laid out under ADS 303.3.6.3. Other countries have stringent registration processes in order to have a business legally recognized, but it is not the registration that is the concern, but rather how the business has performed on similar projects.

EVALUATION CRITERIA AND SCORING

The evaluation of both grant applications and procurement quotations could be improved, to clearly demonstrate how applicants are evaluated against evaluation criteria. The narrative on how a particular score was assigned is just as important as assigning points. For example, if a grantee is assigned 10 out of 15 points on a particular evaluation criteria, why? What made it a 10 and not a 15? The same is true when points are assigned when comparing quotations under procurement. When comparing quotations and assigning points, why does one vendor receive more points over another? This is important in the case that a grantee or vendor would ever question an award as to why a grant application was not funded, or why a particular vendor was chosen.

Per 303.3.6.4 (l) if USAID (JTD in this case) assigns numerical values to the criteria, the evaluation must include a discussion of the numerical scoring, and a narrative explaining each application’s strengths and weaknesses when compared to the evaluation criteria. In reviewing the scoring, it was unclear from the evaluation forms that the scoring system contained narrative that clearly indicated why a certain number of points were allotted to a particular evaluation criteria. On the combined evaluation sheet, there was a narrative explaining what each selection criteria means, but each member of the GEC should also provide narrative as to why they scored a particular applicant X number of points. One example I reviewed was the evaluation of PD4-PDG4-NCJ1-07. The evaluation form contains scores from the evaluators, but there is no narrative as to how the scoring was determined. In addition, in this instance, the grant score sheet is not signed by the second advisor, nor the grants manager. This particular evaluation form appeared to be the summarized one, with scores from all members of the committee. Do separate scoring sheets exist that provide narrative and signatures from all of the individuals on the GEC?

The scoring criteria also seemed unusual. While financial management systems and organizational development need to be included in the responsibility determination per ADS 303.3.9.1 (d) Pre-Award Surveys, they are not typically evaluation criteria, and not the type of criteria that would be evaluated by the technical committee unless there is a compelling technical reason for doing so. In addition, while the environmental assessment is a pre-award condition[1], it is also, not typically an evaluation criterion.

Per ADS 303.3.6.3 the evaluation criteria must include at a minimum:

- Technical merits of the applications,
- Cost effectiveness and cost realism of the application,
- Past performance of the applicant,
- Branding strategy and marking plan.

I would recommend reevaluating the evaluation criteria under Petra to incorporate those required, and eliminate pre-award requirements that need to be addressed, but could be more appropriately addressed separately, and not included as evaluation criteria. Note that the Branding strategy and marking plan is only a requirement for the successful offeror so it doesn't need to be included at the evaluation stage as long as it is negotiated and included in the resulting grant award and is included in the overall grant award work flow process.

An example of a vendor evaluation that is lacking in narrative is that under HR2-PDG3-JHT1-06 for the purchase, installation and service of a server for Activity 12.2.1 Install Internet. The evaluation includes 4 criteria, which are all awarded percentages that are then tallied. The difference between the first and second offers is 5% (85% and 80%) but no narrative is given under the various criteria as to how points were assigned. The award is given to Matrix, because 'they responded and offer that meets technical specifications.' This is a weak argument, being that the scoring is not explained, and for the technical responsiveness criterion, Matrix was lowest of the 3 vendors in the scoring. Matrix scored highest only under 'Cost Structure' yet this is not mentioned in the brief award summary.

PROCUREMENT AND SOURCE/ORIGIN REQUIREMENTS FOR TRANSACTIONS OVER $5,000

Source-origin regulations apply any time the project or a grantee make a purchase where the transaction is over US$5,000. I found a few instances where it was not obvious whether source-origin guidelines had been followed, and some additional follow-up is required on these purchases. In addition, I recommend that all transactions over $5,000 be reviewed to ensure that proper source/origin guidelines were followed. I was under the impression that there were no or few transactions over $5,000, but I did find a few in my incomplete review, so there could potentially be more under other grants. It was brought to my attention, as well, that the Field Office was unaware of the $5,000 transaction regulation until January 2008, when it was explained in an e-mail that I sent on procurement under grants. Up until this January e-mail, the field office had been under the understanding that source/origin regulations only came into play when an single item cost more than $5,000.

Under a grant to HR2-PDG3-JHT1-06 some computer equipment (a server among other computer items) in the amount of JD5,277 ($7,453) was purchased locally by a grantee through Matrix. If the grantee is doing the purchasing and the transaction value is over $5,000, the use of the order of preference must be documented. A first question that needs to be answered is whether this computer equipment is US made. If it is not, did the grantee first seek quotations for US made items? If the computer equipment is US-made than nothing needs to be done other than documenting the nationality, but if the computer equipment is not US-made, the use of the order of preference must be documented for the files.

Similarly, under the same grant, the grantee purchased JD5,500 ($7,768) in computer equipment (laptops) locally. Again, it is important to find out if the commodities purchased are US-made. If they are not, the use of the order of preference must be documented. Once the origin of the aforementioned equipment is ascertained, I recommend working with the HO procurement department to seek US quotes and shipping prices.

Under a grant to JHTEC a software package made by Micros-Fidelio was purchased for JD10,000 (US$14,124). Is this US-made software? Micros-Fidelio is a company from Maryland, but the fact that a company is from the US does not mean that all of the products are manufactured in the US (ex. Ford, a US brand, make trucks that are manufactured in the Philippines resulting in Philippino-made trucks). If the Micros-Fidelio software is US-made, then there is no source-origin issue. However, another question is the number of quotations received. There is documentation that the only vendor in the Middle East is the Jordanian one from which the grantee purchased the equipment. However, why did we go with this particular product? Are there similar products on the market, which are less expensive? The files should clearly show that this is a US product, and that there were no other similar products available. Otherwise, quotations should have been received from other vendors marketing other similar products. It is fine if it is the only product available, but a memo to the file should clearly explain this.

There was only one instance I found of a memorandum justifying use of the order of preference to justify choosing an Israeli vendor for the procurement of canyoneering equipment and training. The memorandum justifying the order of preference is weak. The rationale for choosing the Israeli quote is based on cost, that the cost of the US equivalent is at least 50% more expensive. While this may be the case, it is hard to determine from the documentation how valid this argument is. Cost estimates for shipping (JD2000) and for additional costs for the training (JD2000) are added to the price of the US quotes, but there is no justification for arriving at these added costs. Did we seek shipping estimates? For the additional training costs, how did we arrive at JD 2000? If the argument for choosing the Israeli vendor is the argument that the US quote was more than 50% more expensive, the details on arriving at the final price are important, and further documentation—shipping quotes and a breakdown of the additional training costs—should be included.

COST SHARE

Per the guidelines set forth within the grants manual, there is a 10% minimum cost share requirement, although the cost share often exceeds 10%, and cost shares have been as high as 70%. With the exception of cost-share elements under FOGs, which are fixed as part of the deliverables and do not have to be documented by receipts, documentation requirements for cost share spending should be just as stringent as documentation for JTD-reimbursed costs.

The cost share under grant PD33-MIN5-EID1-38 is not well documented. Part of this grant included an event, at which the grantee submitted a financial report that claimed JD6,418 ($9,065) in cost share for purchase of food, equipment rental, venue rental, entertainers, etc. No receipts were submitted for the cost share, and when the grantee was questioned on this, the grantee submitted photographs of the event to document that the event had occurred, and thus the cost share must have been met. This is insufficient, as it is impossible to determine what the actual cost share contribution was, based off of photographs. The event clearly happened, but that is all the photograph documents. The CTO, who may not be in a position to understand the documentation requirements, approved the grantee's submitted documentation of the cost share, but in the future, it needs to be stressed to grantees and project staff that cost share must be documented using the same guidelines as other reimbursed costs.

Likewise, the cost share under PD16-SMA18-TTI1-20 is not well supported. The grantee submitted an audited financial statement that shows the value of its assets as cost share for a value of JD47,358.15 during the period of March-October 2007. Because it is a start-up business, it includes all of its assets as cost-share. The cost share for this period includes salaries paid out during this period (JD13,300) as well as the cost of computers (JD9,043) and vehicles (JD20,000) that far surpass the amount budgeted for under cost share (computer cost share budgeted at JD3,700 and vehicles at JD12,188). No timesheets are submitted, rather salaries is a line item on this audited financial document showing that the business expended JD13,300 in salaries during this period.

As mentioned, financial documentation for cost share should be just as stringent as what is required for expenditures paid for by grant funds. Whenever salaries are paid, under grants, subcontracts, or the contract, timesheets are always a requirement to show that time was worked and is allocable to the relevant activity. In addition, if an individual is paid by more than one source, the timesheet needs to show clearly the allocation of time to the grant. One example of where there is insufficient salary documentation is for Tala Amareen's salary under HR2-PDG3-JHT1-06. The documentation includes a pay slip that is not signed by an approver, and no timesheet is included. Another question under this grant is that a part of the cost share is for apartment rent. Is this an individual's rent, and if so, why is included as cost share? Did the individual need to relocate to work under the grant? This is not an expense that is normally reimbursed, except for special circumstances like relocation or in the case of expatriate who qualify for housing allowances. More information should be provided so that there is no question to an auditor as to how the payment of rent is allocable to the grant agreement.

FINANCIAL REPORTS

I found it difficult to tell what was being reimbursed or liquidated within each financial report. Grantees are using QuickBooks in some cases, or a similar software, so including a transaction detail report with each liquidation report or reimbursement request would make it easier to check expenses against the submitted documentation. A simple numbered excel sheet clearly listing out all of the expenses found within each report corresponding to numbered receipts could work as well. The current form used shows the budget by line item, but if multiple items from a single budget line are included within each report, it is not explicitly clear what is included.

In addition, the liquidation report should clearly show what is being liquidated against—that is how much was advanced previously—and what remains. Mustafa tracks this information in a spreadsheet, but this information would be useful for clarity in the file, and to provide that information to all who might be reviewing the liquidation report.

UNDER-SPENDING ON GRANTS UNDER JTD (INCLUDING NEGOTIATION AND NEGOTIATION MEMOS)

One area of concern as project close-out approaches is the low rate of spending under the grants program. The original grants budget was approximately $2.5 million, however only $1 million has been expended to date. In many cases, grantees have not expended all of the funds under individual grant agreements, and funds have been de-obligated as grants close out, to account for unspent funds. The project has over-obligated grant funds in realization that grantees will not expend all that has been awarded, and this under-spending is going to leave a significant amount of money on the table come project close-out. The project has over-committed grant funds by $285,587 as demonstrated by the table below. However, the reality is that all funds committed will not be spent—if grant program spending to date is any indication—and there is no fear of a grants overrun, as these figures might suggest. Rather, the question is how much money is going to be left on the table at project's end.

Available Vs. Committed Grants	
Total Grant award available	**$2,500,000**
Total Grants Awarded	**$2,994,936**
Adjustment due to grant reduction and de-obligations	**$209,349**
Total uncommitted grants (available)	**-$494,936**
Grand Total of uncommitted grants and Adjustments (Available)	**-$285,587**
Awarded Vs. Paid Grants	
Total Grants awarded **-** grant reduction and de-obligation **=**	**$2,785,587**
Total Grants payments	**$973,324**
Remaining committed grants to be paid	**$1,812,264**

For example, according to the grants tracker maintained in the FO, 4 grants have been completely closed out. Of those 4 grants, the spending looks like this:

Grant number	Total Award	Total Spent	De-obligation
PD1-MIN1-JTB1-01 (Closed)	$16,864	$14,667	$2,198
PD2-SMA1-JTB2-02 (Closed)	$93,966	$14,144	$79,822
PD3-MIN2-JHF1-03 (Closed)	$14,638	$14,638	$0
HR3-MIN3-JRA1-09 (Closed)	$4,308	$4,308	$0

In many cases, it is almost certain, based on looking at the monthly grant expenditures to date, that money will be left unspent, and further de-obligations will be necessary. For example, of the 4 program development grants (a fifth PDG was cancelled), a total of $754,436 was awarded, $303,308 had been spent up through January, and $113,746 had already been de-obligated. That leaves $337,382 that is still unspent, and in looking at the monthly expenditures, it does not appear that these particular grants are on track to spend the entire grant award value. An example of this is demonstrated in the table below:

Grant number	Total Award	Total Spent	Apr 2007	Jul 2007	Aug 2007
PD6-PDG5-RSC1-10	$194,535	$29,382	$19,978	$1,488	$7,917

In reviewing several grant files, it is unclear how carefully the grant budgets were negotiated, and from an outside perspective, it appears that they were not negotiated as carefully as they should have been. Subsequent comments from the field office have indicated that there is an extensive budget negotiation process that goes on. However, one important document that is missing in the files is a Negotiation Memorandum (also referred to as an Appraisal Memorandum). Per ADS 303.3.12 the agreement officer must document the negotiation process for a new assistance agreement or a modification of an existing agreement, along with other pre-award determinations, in a Memorandum of Negotiation. The Memorandum of Negotiation must include the cost analysis. The GEC evaluation fulfills some of the requirements necessary under a Memorandum of Negotiation, but one area that is lacking is a careful cost analysis. The negotiation memo is a document that clearly indicates how the grant budget was negotiated. Because this document is not utilized by the Field Office, it is impossible to determine from the files that the budget was carefully negotiated. Attached to this report is an example of a template for a memorandum of negotiation from Jordan Amir (Annex B). At this stage I do not recommend that the project go back and create Negotiation Memos for all of the grants, but simply want to make the team aware that under future projects this is a requirement under ADS 303.3.12. and a useful document to an auditor, as it explains the process that was undertaken.

An example of a budget that appears not to have been checked carefully for accuracy is that for the grant awarded to the Burda Women Association (PD7-SMA3-BRD1-11). One inconsistency that I noted while reviewing this grant file was the inclusion of ‘indirect rates' in the budget. In the grant agreement it clearly states that no indirect rates are allowed, as should be the case based on the fact that it is a simplified grant, and indirect rates are not allowed per ADS 303.3.24 Small Grants. However, in the budget there is a line item for 15% 'overhead.' In fact, upon review of the financial reports, the grantee is not requesting reimbursement for a 15% overhead rate. Rather, various management expenses, such as charges for phone cards and stationary were included under this line item in subsequent monthly financial reports (ex. Oct 2007). Under simplified grants, the grantee should never include indirect rates in the budget, and again, this is something that should be caught during the budget negotiation stage. The grantee can seek reimbursement for the types of administrative charges that make up indirect rates, but they must seek reimbursement for these charges directly, which in the end is what this grantee did. However, at the budgeting stage, the grantee included these as indirect rates, represented by a percentage. While it was clearly a direct charge and not billed as an indirect, the attached budget had it included under a line item labeled 'indirect.' This appears to simply be an error in the labeling of the line item category.

A careful review of the grantee's budget should catch red flag line items such as 'overhead,' which are not allowed under simplified grants. The person in charge of negotiating the budget with the grantee should catch this during the negotiation stage. The inclusion of an overhead percentage that is not based on audited financials—when actually the grantee is seeking direct reimbursement for certain administrative charges—could lead to inflation of the budget and result in under-spending by the grantee.

GRANT SPENDING UNDER PETRA

The Petra program has a difficult task at hand, because of the short time frame of the project. Almost immediately, the program must start up an office and get the grants program up and running in order to solicit grant applications and award grants quickly. Grant implementation must begin almost immediately in order for grants to be ready to be closed out by July in time for a September contract end date. Under the Petra project, essentially there will be time to award only a single round of grants. Thus, the project must award grants for the total amount of the grant program budget, and then work to ensure that grantees are able to spend the funds as obligated. Under JTD, grants were awarded, but in many cases as discussed above, the grantees could not spend the full amount awarded, so money was de-obligated and additional awards were made. Under Petra, the grants team must work with the grantees to design budgets that are realistic and that can be spent in the short time allowed.

In discussing the issue of grantee spending and reimbursements with Evon, Ibrahim, and Mustafa it seems that there are a few issues at hand, and alleviating these issues might help the Petra Program spend more of the allocated grant budget. The areas in which there are potential issues include: grantee cost-share, which includes the grantees' ability to provide the cost-share and to sufficiently document the cost share in a timely manner, the grantees' inability to budget appropriately for the work as defined within the grant agreement, and the careful negotiation of the budget with the grantees to arrive at realistic budgets that are attainable within the period of the grant. From an outsider's perspective, these are the areas that appear problematic, or at least cumbersome, to the process, and for the sake of increasing the grantee's ability to spend money more quickly while remaining compliant with required regulations, I recommend the following under Petra.

- Decrease the grantee cost share contribution. The cost share should still be included, but there is no need to greatly exceed the 10% cost share that is mandatory per the grant manual.
- Mentor the grantees on budgeting and carefully negotiate every line item within the budget to ensure that the proposed budget is realistic and appropriate.

Under JTD, Mustafa and Evon should coordinate closely with the technical team to come up with a best guess as to how much of the remaining $1.5 million under the grant budget will be left on the table, and work with the PMU on a plan to reprogram those funds.

LOC REPORTING ISSUES ON SF 272 FORM

The project has had some questions and concerns on the un-reconciled figures that have appeared on the SF272 form throughout the life of the project. Per HHS guidelines, each country using the Federal Letter of Credit (FLOC) may only use a single FLOC account, regardless of the number of project using the LOC in country. That is, in Jordan, both the Jordan AMIR and Jordan JTD report on the same Federal Letter of Credit account. Up until November, there had been a problem with some outstanding Jordan AMIR issues regarding the FLOC that accounted for around $13,000 that still appeared in the SF 272 after AMIR closed out. However, this $13,000 issue has been taken care of, and this amount is no longer appearing on the SF 272 report. However, there is still an issue, because from the numbers that the report is generating, it appears that the project has a difference of $40,000 in the cash on hand figure in the report. In reviewing the numbers reported by Evon, and the table of actual numbers prepared by Mustafa, it appears that the numbers reported on the SF 272 through the first 3 periods of 2007 were incorrect, which accounts for the ~$40,000 difference. The table below reports the numbers reported, and the actual numbers—those that should have been reported—during the three periods. The numbers in the 'reported' column come from printouts of the SF 272 reports given to me by Evon. The numbers in the 'actual' column, come from a spreadsheet given to me by Mustafa:

Period 1: Jan-Mar 2007	Reported	Actual	Difference
Cash on Hand Beg of Period	-13,161.64[1]	0	-13,161.64
Total Receipts	324,126.08	324,126.09	-.01
Total Cash Available	310,964.44[2]	324,126.09	-13,161.65
Net Disbursements	324,126.09	283,451.65	-40,674.44
Cash on Hand at End of Period	-13,161.65	40,674.44	-53,836.09

[1]This is the amount that was related to AMIR that was resolved by Rebecca Sherwood. The total cash on hand at beginning of period was actually 0, but when the total receipts (incoming funds) were entered, the total cash available[2] showed as the actual amount, minus the amount that the SF 272 form was showing was available at the beginning of the period, which was an AMIR remnant. This $13,161.64 has since been adjusted for, the issue that remains today is that the net disbursements during this period were reported

incorrectly. The disbursements were entered so that cash on hand at the end of the period was 0 (with the exception of the $13,161.64 from AMIR), but in actuality, cash on hand at the end of the period was $40,674.44 because some disbursement/disbursements were likely made at the very beginning of the next period, but were reported in this period.

Period 2: Apr-Jun 2007	Reported	Actual	Difference
Cash on Hand Beg of Period	-13,161.65	40,674.44	-53,836.09
Total Receipts	224,647.02	224,647.02	0
Total Cash Available	211,485.36	265,321.46[3]	-53,836.10
Net Disbursements	265,317.15[4]	265,317.15	0
Cash on Hand at End of Period	-53,831.79	4.31	-53,836.10

During this period, the actual total cash available[3] was disbursed[4]— this amount includes the $40,674.44 that was on hand, but not disbursed the previous period, but was reported as disbursed in the previous period—thus, we have reported twice on the disbursement of this $40,674.44, and is why there is a reconciliation issue of $40,674.44 (approx) to date.

Period 3: Jul-Sep 2007	Reported	Actual	Difference
Cash on Hand Beg of Period	-53,831.79	4.31	-53,827.48
Total Receipts	200,881.11	200,881.12	0
Total Cash Available	147,049.32	200,885.43	-53,836.10
Net Disbursements	200881.11	174,834.51[5]	26,046.60
Cash on Hand at End of Period	-53,831.79	26,050.92	-27,780.87

[5] Interesting to note here that the disbursements again do not match the cash available, which could mean that disbursements again were made into the start of period 4, but recorded in period 3. Please double check this before completing the period 4 report, so that disbursements are not double-entered.

Resolution: Per conversations with Madeline, there is no way to go back and re-submit the SF 272 for the first three quarters, and in conversations with Evon, she has confirmed that there is no place on the SF 272 to make adjustments for prior periods. Because it can be clearly documented that the $40,674.44 was reported twice as having been disbursed, I would recommend including a memorandum to the files documenting the rationale behind doing so, and adjusting for the $40,674.44 difference by subtracting $40,674.44 from the disbursements reported during period 4. The rationale being that we double reported on this disbursement, and are simply correcting for the disbursement by subtracting the amount of the error from period 4.

Follow up: Evon and I discussed this matter again on February 13, and following a phone conversation with Fran from HHS, the matter was apparently cleared up. However, in an e-mail message from Jennifer Park, she noted that the matter was related to Jordan AMIR, which is not the case, based on subsequent conversations with Rebecca Sherwood. As long as there is now a 0 balance, and this has not affected Jordan AMIR's LOC balances, the matter is resolved, and JTD should now have a 0 (or close to 0) balance on the cash on hand balance that appears on the SF 272 spreadsheet on-line. It is important to note that the figures reported for disbursements should always match exactly the actual disbursement numbers tracked by Mustafa. If an LOC request is received at the end of a reporting period, but disbursed in the next period, the reporting of the figures should reflect reality, so as to not have LOC reporting errors in future periods.

TERRORIST WATCH LIST

During Evon’s visit to the Home Office in December 2007, one item that was noted as missing from the grantee files was the documentation that neither the grantee nor the members of the grantee’s board appear on the OFAC and EPLS Lists maintained by Department of the Treasury. Since Evon’s visit, she has worked to search these lists for the names of the organizations awarded grants, and the Executive Director of each organization. The field office had been unaware of this requirement prior to discussions in the Home Office, but Evon quickly corrected the problem once it was identified.

SUMMARY

As I mentioned, the files are in very good order. There are a few items highlighted in the report that need to be addressed, but I found nothing that caused much alarm. Rather, a few policies that need to be better followed, including procurement and the source/origin requirements for transactions over $5000, documenting cost share and conducting past performance reference checks, and policies that could be adjusted (evaluation criteria and a better-documented scoring process).

I would like to commend Evon and Mustafa on an excellent job. Documentation is for the most part very thorough and at high standards because they demand it of the team. In such a high profile and fast paced project it would be easy for either of them to cut corners to respond to requests for speedier payments, but they always demand complete and appropriate documentation which is why the grant files—both financial and technical—are in such excellent condition this close to close-out.

With regards to this ST assignment, I did not have time to fulfill all of the objectives of the assignment. The 5-day allotment, 2 days of which were snow days, was simply not enough time to fulfill all of the tasks as outlined in the SOW. In addition, the SOW was amended to include a half-day procurement training, which was then cancelled because of snow. To complete a thorough grants review, including a thorough review of the files, investigations into potential procurement irregularities, and conduct site visits, among other tasks, the assignment would have required at least 2 to 3 weeks of LOE. Please take into account that my suggestions throughout this report are just that, suggestions, and it is up to both the PMU and the field office to decide how to move forward on my recommendations.

ANNEX A. SCOPE OF WORK

I. SPECIFIC BACKGROUND INFORMATION TO THE SCOPE OF WORK

The Jordan Tourism Development Project has entered its final year of implementation and is beginning to prepare for project closeout. At the same time, the management team for the project needs to review performance (e.g., technical delivery, budget performance, quality, and overall customer satisfaction) to date and incorporate lessons learned and make any necessary adjustments for the final period.

II. OBJECTIVE(S) OF THIS CONSULTANCY

To conduct an overall assessment of the grants program and advise project management on prioritization of outstanding grant implementation for the duration of the project life.

III. SPECIFIC TASKS OF THE CONSULTANT

The Consultant shall use her education, considerable experience, and additional understanding gleaned from the reading materials and interviews to:

- Perform a complete assessment of the grants program including an audit of randomly chosen grant files to determine if they comply with the processes and procedures in the approved grant manual.
- Receive briefing from Evon Warwar on all details relating to outstanding procurements, issues, etc. Work with Evon to make sure all the required information is in the hard copy of each grant file. This includes printing out and filing all grantee information from the database and from anyone's individual e-mails so that the grantee file is complete. See Mandatory Reference from ADS 303 entitled File Documentation Guidelines.
- Determine the status of all outstanding procurements under grants including: Description of each item that is outstanding, cost, vendor information, where the equipment is coming from, what method of delivery, description of the equipment, which grantee is receiving the equipment, when the equipment is expected to be delivered. This also has to include a copy of the contract/subcontract with the vendor for the equipment including the payment terms.
- Direct Jordan Tourism Development Project staff to take possession of equipment, as appropriate, before it reaches the grantees and safeguard it (i.e., put it in a secure warehouse pending a final decision as to its disposition).
- *Solicitation process* - Review existing processes on the documentation associated with competition including RFA/APS's, evaluation criteria, evaluation committee notes, etc.
- *Pre-award responsibility determination* - Review existing processes and provide training on the pre-award responsibility determination processes and documentation including reference checks, organizations' formal registration, applicant's audited financial statements, copies of grantees policies, and procedures, etc.
- *Grantee award file and documentation* - Review grantee award files to make sure they contain the critical elements of awarding the grant including signed certifications, memorandum of negotiation, Mandatory and Required as

Applicable Standard Provisions, etc. If necessary, train staff in developing and managing these elements to Chemonics and USAID regulations and standards.

- *Procurement* - Review the guidance on how grantees handle procurement, as applicable, including source, origin, and nationality issues and disposition of equipment as well as training on how to assist the grantees in these processes
- Devise recommendations for a more streamlined process of grant disbursement. Share recommendations with all Jordan Tourism Development Project staff.
- Discuss roles and responsibilities for field office staff involved with grants including technical staff, accounting/finance staff, and grants management staff to confirm that there is a shared understanding of roles and responsibilities. Also discuss grantee reporting requirements and how grantees are contributing to the PMP and M&E plan.
- Complete a spot check of direct procurement under the contract (as opposed to procurement under grants only; as it pertains to goods and services under events).
- Conduct a set of informal interviews with staff, asking them to share any thoughts and answer questions about the integrity of the procurement through grants and other procurement.

IV. OUTPUTS

The consultant will prepare and present the following output:

A detailed trip report including pertinent follow-up recommendations for the PMU. A draft version of the trip report is due January 31, 2008 and a final copy is due February 29, 2008.

V. ADVANCE PREPARATION

In advance of travel, the Home Office Grants Manager will review the Jordan Tourism Development Project grants manual and a sample grant agreement to understand the grant making process including procurement under grants.

VI. INTERVIEWS

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

- Mr. Ibrahim Osta, Chief of Party, Jordan Tourism Project/USAID
- Evon Warwar, Jordan Tourism Project Grants Manager
- Mustafa Shaaban, Jordan Tourism Project Accountant
- Abeer Kakish, Jordan Tourism Project Operations Manager
- Jordan Tourism Project grantees
- Others as seen fit and necessary

*In addition, the Home Office Grants Manager is expected to work in close coordination with the Home Office Field Accountant, who will be in Amman at the same time completing a financial assessment of the project.

VII. TIME FRAME FOR THE CONSULTANCY

The time frame for this consultancy is January 11-18, 2007.

VIII. LOE FOR THE CONSULTANCY

Seven (7) days of level of effort, including travel, are allocated.

IX. REPORTING

While in the field, the Grants Manager will report directly to the project's Chief of Party, Ibrahim Osta. Additionally, the Grants Manager will maintain close coordination with the project's Grants Manager, Evon Warwar, and the Home Office as required.

X. CONSULTANT QUALIFICATIONS

The Consultant Team shall have the following minimum qualifications to be considered for this consultancy:

Professional experience:

- At least five years experience in project management.
- Experience managing grant programs.
- Knowledge of Chemonics corporate best practices, policies, and procedures.
- Comprehensive knowledge of USAID rules and regulations.

Educational Qualifications:

- Minimum B.A. degree plus five years related experience.